

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2003

RUTH MILLER, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

Members of Council and Mayor
Village of St. Henry
371 North Linn Street
St. Henry, Ohio 45883

We have reviewed the Independent Auditor's Report of the Village of St. Henry, Mercer County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2003 to December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of St. Henry is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 18, 2004

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**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor’s Report

Members of Council and Mayor
Village of St. Henry
371 North Linn Street
St. Henry, OH 45883

We have audited the accompanying financial statements of the Village of St. Henry, Mercer County, as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Village of St. Henry’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village of St. Henry prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of St. Henry, as of December 31, 2003, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2004, on our consideration of the Village of St. Henry’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
March 24, 2004

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

COMBINED STATEMENT OF CASH
FUND BALANCES - ALL FUND TYPES
DECEMBER 31, 2003

<u>Cash and Investments</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 50,000
Investments	<u>737,397</u>
Total Cash and Investments	<u>\$ 787,397</u>
<u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 202,851
Special Revenue Funds	263,757
Capital Projects Funds	<u>9,332</u>
Total Governmental Fund Types	<u>475,940</u>
<u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>311,457</u>
Total Fund Balances	<u>\$ 787,397</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and other local taxes	\$ 66,535	\$ 489,987	\$ -	\$ 556,522
Intergovernmental	123,922	83,565	-	207,487
Special assessments	-	-	11,171	11,171
Charges for services	-	35,281	-	35,281
Fines, licenses, and permits	13,991	-	-	13,991
Interest	2,526	125	-	2,651
Rental	1,191	-	-	1,191
Miscellaneous	8,924	-	-	8,924
Total cash receipts	<u>217,089</u>	<u>608,958</u>	<u>11,171</u>	<u>837,218</u>
Cash disbursements:				
Current:				
Security of persons and property	154,176	-	-	154,176
Public health services	5,924	-	-	5,924
Leisure time activities	-	103,227	-	103,227
Transportation	35,073	67,859	-	102,932
General government	18,252	169,547	300	188,099
Capital outlay	10,443	177,155	-	187,598
Debt service:				
Principal retirement	-	38,200	3,528	41,728
Interest charges	-	-	97	97
Total cash disbursements	<u>223,868</u>	<u>555,988</u>	<u>3,925</u>	<u>783,781</u>
Total cash receipts over/(under) cash disbursements	<u>(6,779)</u>	<u>52,970</u>	<u>7,246</u>	<u>53,437</u>
Other financing receipts/(disbursements):				
Sale of assets	4,440	-	-	4,440
Transfers-in	-	66,000	-	66,000
Transfers-out	-	(116,000)	-	(116,000)
Total other financing receipts/(disbursements)	<u>4,440</u>	<u>(50,000)</u>	<u>-</u>	<u>(45,560)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(2,339)	2,970	7,246	7,877
Cash fund balances, January 1, 2003	<u>205,190</u>	<u>260,787</u>	<u>2,086</u>	<u>468,063</u>
Cash fund balances, December 31, 2003	<u>\$ 202,851</u>	<u>\$ 263,757</u>	<u>\$ 9,332</u>	<u>\$ 475,940</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 701,981	\$ -	\$ 701,981
Miscellaneous	350	-	350
Total operating cash receipts	<u>702,331</u>	<u>-</u>	<u>702,331</u>
Operating cash disbursements:			
Personal services	200,816	-	200,816
Employee fringe benefits	35,159	-	35,159
Contractual services	218,607	-	218,607
Supplies and material	134,112	-	134,112
Miscellaneous	20,052	-	20,052
Total operating cash disbursements	<u>608,746</u>	<u>-</u>	<u>608,746</u>
Operating income	<u>93,585</u>	<u>-</u>	<u>93,585</u>
Nonoperating cash receipts/(disbursements):			
Fines collected	-	1,441	1,441
Fines disbursed	-	(1,441)	(1,441)
Special assessments	20,300	-	20,300
Debt service:			
Principal	(34,156)	-	(34,156)
Total nonoperating cash receipts/(disbursements)	<u>(13,856)</u>	<u>-</u>	<u>(13,856)</u>
Net income before transfers	79,729	-	79,729
Transfer in	50,000	-	50,000
Cash fund balances, January 1, 2003	<u>181,728</u>	<u>-</u>	<u>181,728</u>
Cash fund balances, December 31, 2003	<u>\$ 311,457</u>	<u>\$ -</u>	<u>\$ 311,457</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 216,241	\$ 184,451	\$ 400,692	\$ 221,529	\$ 37,078	\$ -	\$ 399,500	\$ 399,500	\$ 223,868	\$ -	\$ 223,868	\$ 175,632
Special Revenue	246,758	686,522	933,280	674,958	(11,564)	600	907,380	907,980	671,988	-	671,988	235,992
Capital Projects	2,086	278,000	280,086	11,171	(266,829)	-	278,000	278,000	3,925	-	3,925	274,075
Proprietary:												
Enterprise	168,182	722,954	891,136	772,631	49,677	13,546	880,100	893,646	642,902	-	642,902	250,744
Total												
(Memorandum Only)	\$ 633,267	\$ 1,871,927	\$ 2,505,194	\$ 1,680,289	\$ (191,638)	\$ 14,146	\$ 2,464,980	\$ 2,479,126	\$ 1,542,683	\$ -	\$ 1,542,683	\$ 936,443

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of St. Henry (the "Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: water and sewer utilities, street maintenance and repair, park operations, police services, Mayors Court, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Village had the following significant special revenue funds:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village state highways.

Income Tax Fund - This fund receives monies from collections on the Village's 1% income tax imposed.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects fund:

Capital Improvement Special Assessment Construction - This fund receives monies for the special assessment construction projects.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary Funds/Agency Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated, except for Agency funds. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. There were five supplemental appropriation amendments in 2003.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2003.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$2,651 for the year ended December 31, 2003.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants, awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>
Deposits:	
Demand deposits	\$ 50,000
Investments:	
Repurchase agreement	<u>737,397</u>
Total deposits	<u>\$ 787,397</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Repurchase agreement reported at cost.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - PROPERTY AND OTHER LOCAL TAXES

A. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

B. LOCAL INCOME TAX

This locally levied tax of 1.00% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are accounted for in a special revenue fund and transferred to various funds for operations. The Village collected \$489,987 in 2003 in income tax receipts.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2003, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/03</u>
1994 Ohio Public Works Commission (OPWC) Main Street Water Line Loan, due in semiannual payments of \$2,703 through 2013, interest free.	\$ 54,071
1995 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semiannual payments of \$3,875 through 2015, interest free.	89,125
2002 Promissory note, due in annual payments of \$21,000 through 2006, interest free.	63,000
2002 Promissory note, due in annual payment of \$38,200 through 2004, interest free.	<u>38,200</u>
Balance at December 31, 2003	<u><u>\$ 244,396</u></u>

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2003, are summarized as follows:

<u>Description</u>	<u>Balance at 12/31/02</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/03</u>
1994 OPWC Loan	\$ 59,477	\$ -	\$ (5,406)	\$ 54,071
1995 OPWC Loan	96,875	-	(7,750)	89,125
2000 Special Assessment Note	3,528	-	(3,528)	-
2002 Promissory Note	84,000	-	(21,000)	63,000
2002 Promissory Note	<u>76,400</u>	<u>-</u>	<u>(38,200)</u>	<u>38,200</u>
Total Debt Obligations	<u>\$ 320,280</u>	<u>\$ -</u>	<u>\$ (75,884)</u>	<u>\$ 244,396</u>

The principal requirements to retire the debt obligations outstanding at December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>1994 OPWC Loan Principal</u>	<u>1995 OPWC Loan Principal</u>	<u>2002 Promissory Note Principal</u>	<u>2002 Promissory Note Principal</u>	<u>Total Principal</u>
2004	\$ 5,406	\$ 7,750	\$ 21,000	\$ 38,200	\$ 72,356
2005	5,406	7,750	21,000	-	34,156
2006	5,406	7,750	21,000	-	34,156
2007	5,406	7,750	-	-	13,156
2008	5,406	7,750	-	-	13,156
2009 - 2013	27,041	38,750	-	-	65,791
2014 - 2015	<u>-</u>	<u>11,625</u>	<u>-</u>	<u>-</u>	<u>11,625</u>
Totals	<u>\$ 54,071</u>	<u>\$ 89,125</u>	<u>\$ 63,000</u>	<u>\$ 38,200</u>	<u>\$ 244,396</u>

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Special Revenue Funds</u>		
Income Tax	\$ -	\$ 116,000
Parks & Recreation	<u>66,000</u>	<u>-</u>
Total Special Revenue	<u>66,000</u>	<u>116,000</u>
<u>Enterprise Fund</u>		
Water	<u>50,000</u>	<u>-</u>
Total All Funds	<u>\$ 116,000</u>	<u>\$ 116,000</u>

The transfers in the year ended December 31, 2003 were made in accordance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

NOTE 7 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, members of OP&F contributed 10.1% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 8 - RISK POOL MEMBERSHIP

The government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

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371 North Linn Street
St. Henry, OH 45883

We have audited the financial statements of the Village of St. Henry as of and for the year ended December 31, 2003, and have issued our report thereon dated March 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of St. Henry’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted other immaterial instances of noncompliance that we have reported to the management of the Village of St. Henry in a separate letter dated March 24, 2004.

Members of Council and Mayor
Village of St. Henry

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of St. Henry's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 24, 2004.

This report is intended for the information of the Council and management of the Village of St. Henry and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
March 24, 2004



**Auditor of State
Betty Montgomery**

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VILLAGE OF ST. HENRY

MERCER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 1, 2004**